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Canada. Statistics  
Payrolls, Stocks and Gross Margins  
of Retail Merchandising Establishments  
1934









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CANADA

DOMINION BUREAU OF STATISTICS

CENSUS OF MERCHANDISING AND SERVICE ESTABLISHMENTS

*[General publication]*  
STATISTICS FOR

PAYROLLS, STOCKS AND GROSS MARGINS  
OF RETAIL MERCHANDISING ESTABLISHMENTS,

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CENSUS OF MERCHANDISING AND SERVICE ESTABLISHMENTS.

Statistics for Payrolls, Stocks and Gross Margins of  
Retail Merchandising Establishments, 1934

This bulletin brings together some miscellaneous results of the Census of Merchandising and Service Establishments, 1934. Reports have already been published containing information regarding the total value of retail sales, both for the Dominion and for each province as a whole and for stores classified according to kind of business within each province. The reports already published include information covering the operations of chain stores during recent years and also contain an analysis of the sales of department stores by broad commodity classes for 1933 and 1934. The present bulletin contains statistics of payroll costs and stocks on hand at the end of the year. In addition, tables are included to show gross margin data and rates of stock-turn for stores operating in selected kinds of business.

Comparison of Trends in Sales, Payroll Costs, and Stocks

Total retail sales for the Dominion amounted in value to \$1,942,-480,000 in 1934, an increase of 9.4 per cent over the \$1,775,857,000 recorded for the preceding year. During the same interval, salaries and wages paid to employees engaged in retail trade increased from \$179,847,000 to \$186,187,000. These wage figures include payments made to both full-time and part-time employees, but they do not include the compensation of proprietors actively engaged in their own stores. Stocks on hand, at cost or replacement value, in all retail stores at the end of 1934 amounted to \$380,067,000, an increase of 0.8 per cent over the amount reported at the end of the preceding year. Thus, while the value of sales increased by 9.4 per cent in 1934 over 1933, salaries and wages paid to retail store employees increased by 3.9 per cent and the value of stocks on hand increased by 0.8 per cent.

Table 1 presents a comparison of the value of sales and payroll costs for 1933 and 1934, first, by provinces and, second, for each of the broad kind-of-business groups which are used in the Census of Retail Merchandising Establishments. In each case the percentage increase in wages is seen to be less than the corresponding increase in retail sales. In fact, while increased sales were reported for all provinces and for all kind-of-business groups, slight decreases in the amount of wages paid were reported by five provinces and for three kind-of-business groups. In Table 2 a comparison is made for the retail trade as a whole and also for a number of selected kinds of business of the value of sales in 1933 and 1934 and the value of stocks on hand at cost or replacement value at the end of each of these two years. Here again, while increases in sales are shown for all kinds of business mentioned in the table, either smaller increases or slight decreases are shown for the value of stocks on hand at the close of 1934 as compared with the previous year.

Gross Margins for Independent Stores

The term "gross margin" is used in this report to represent the amount remaining after deducting the net cost of goods sold from net sales. It is, therefore, the amount of money which a business firm secured from







the year's operations to cover the expenses of doing business and provide a profit. In the case of firms operating at a loss the gross margin may be insufficient to cover operating expenses. The net cost of goods sold was calculated for each firm from the net cost of goods purchased during the year as reported on the census schedules and from the inventory values at the beginning and close of the year. The net cost of goods purchased includes the invoice value less all returns, allowances and discounts, plus inward freight, duty, insurance in transit and all other expenses incidental to the receipt of goods. Operating expenses of the stores are, of course, excluded from the value of purchases. Table 3 shows the gross margin as a percentage of net sales (based upon the aggregate sales figures and aggregate cost of goods sold) for independent stores operating in a number of selected kinds of business. Dominion averages as well as provincial gross margin percentages of net sales are shown. Figures for some kinds of business are omitted in certain provinces as the number of reporting firms was too small to provide representative data.

While the gross margin percentages shown in Table 3 are thought to be fairly typical of average operating results, certain factors should be kept in mind in considering the figures shown for certain kinds of business. For the Census of Merchandising Establishments, all stores are assigned to a kind-of-business classification based partly on the major commodities sold and partly according to popular designation. But not all stores within one classification are homogeneous in the relative proportions of various commodities which are sold. Different department stores sell varying proportions of grocery and meat products. Some candy and confectionery stores may provide meals while others may sell limited quantities of grocery products. The classification "Restaurants, cafeterias and lunch rooms" includes establishments selling varying proportions of candy and confectionery products in addition to the sale of meals. The gross margin figures for automobile dealers may be affected by varying trade-in values placed upon used cars and included in the value of purchases for the year. Some establishments (especially in the coal and wood business) may do a certain amount of business at wholesale prices so that the gross margin figures may be slightly lower than would be the case if all sales were on a retail basis.

A comparison of the figures given in Table 3 for various kinds of business shows that gross margin percentage of net sales was lowest for country general stores (Dominion average, 16.7 per cent) and was highest for custom tailors (58.5 per cent). Custom tailors are, of course, engaged both in merchandising and production and the gross margin is necessarily high to cover the cost of tailoring. A comparison of the provincial figures for country general stores shows that gross margin percentage of net sales for this kind of business was highest in Quebec (17.9 per cent), lowest in Manitoba (15.6 per cent), and was fairly uniform for all other provinces and approximately equal to the Dominion average of 16.7 per cent. The Dominion average gross margin percentage of net sales was 17.3 per cent for grocery stores, 23.4 per cent for meat markets, and 18.3 per cent for combination stores which sell both groceries and meats. The Dominion averages for some of the other more important kinds of business for which figures are shown are as follow: Department stores, 29.2 per cent; automobile dealers, 19.9 per cent; men's clothing and furnishings stores, 28.4 per cent; women's ready-to-wear stores, 29.3 per cent; shoe stores, 27.7 per cent; hardware stores, 26.6 per cent; furniture stores, 32.4 per cent, and drug stores, 30.3 per cent.

#### Rate of Stock-Turn

In Table 4 the rate of stock-turn is shown for the different kinds of retail trade for which data are available. Three sets of figures are given: one for independent stores and two for chain stores. The first of the two chain store figures shows the stock-turn rate when the calculations are based upon the store stocks only, while the second set of figures show the corresponding rates when both store and warehouse stocks are considered. In all cases the rate of stock-turn is obtained by dividing the total sales for 1934 by the average of the year-end inventories for 1933







and 1934. But the inventory value at the close of the year is probably lower than the average stock on hand throughout the period. It must also be remembered that the inventory values are given at cost or replacement value while sales are given at the selling price. These two factors tend to make the figures for rate of stock-turn in Table 4 higher than they would be if inventory and sales were on the same value basis and if average inventory values for the year were available.







Table 1.--Comparison of Total Retail Sales and Total Salaries and Wages Paid to Employees Engaged in Retail Trade, by Provinces and Kind-of-Business Groups, 1933 and 1934

Province and Group	Sales			Salaries and Wages		
	1933	1934	% of Change 1933-1934	1933	1934	% of Change 1933-1934
Prince Edward Island .....	\$ 8,873,000	\$ 9,649,000	+ 8.7	\$ 706,000	\$ 678,000	- 4.0
Nova Scotia .....	68,513,000	76,317,000	+11.4	5,576,000	5,648,000	+ 1.3
New Brunswick .....	52,249,000	57,878,000	+10.8	4,751,000	4,703,000	- 1.0
Quebec .....	421,139,000	446,954,000	+ 6.1	43,597,000	42,888,000	- 1.6
Ontario .....	735,861,000	815,982,000	+10.9	76,632,000	82,990,000	+ 8.3
Manitoba .....	121,224,000	129,968,000	+ 7.2	13,502,000	13,480,000	- .2
Saskatchewan .....	103,051,000	111,569,000	+ 8.3	9,051,000	8,765,000	- 3.2
Alberta .....	108,431,000	120,423,000	+11.1	10,220,000	10,505,000	+ 2.8
British Columbia .....	154,751,000	171,652,000	+10.9	15,584,000	16,301,000	+ 4.6
Yukon and Northwest Territories .....	1,765,000	2,088,000	+18.3	228,000	229,000	+ .3
CANADA, TOTAL .....	1,775,857,000	1,942,430,000	+ 9.4	179,847,000	186,187,000	+ 3.9
Food group .....	432,257,000	452,456,000	+ 4.7	33,190,000	33,128,000	- .2
Country general stores .....	151,233,000	167,216,000	+10.6	7,128,000	7,021,000	- 1.5
General merchandise group .....	313,323,000	331,777,000	+ 5.9	43,527,000	46,104,000	+ 5.9
Automotive group .....	217,496,000	268,025,000	+23.2	21,996,000	24,451,000	+11.2
Apparel group .....	146,705,000	159,952,000	+ 9.0	15,249,000	15,737,000	+ 3.2
Building materials group .....	83,245,000	94,930,000	+14.0	9,457,000	9,415,000	- .4
Furniture and household group .....	50,727,000	59,577,000	+17.4	8,366,000	8,859,000	+ 5.9
Restaurants, cafeterias and eating places .....	41,667,000	44,087,000	+ 5.8	8,065,000	8,209,000	+ 1.8
Other retail stores .....	339,204,000	364,460,000	+ 7.4	32,869,000	33,263,000	+ 1.2

The salary and wage figures given above include the remuneration of both full-time and part-time employees. The value of proprietors' services has not been included.





Table 2.--Comparison of Total Retail Sales and Stocks on Hand, 1933 and 1934

All Stores and Selected Kinds of Business

Kind of Business	Total Sales			Stocks on Hand, End of Year (at cost)		% of Change 1933-1934
	1933	1934	% of Change 1933-1934	1933	1934	
All Stores, Total .....	\$ 1,775,857,000	\$ 1,942,480,000	+ 9.4	\$ 377,020,000	\$ 380,067,000	+ 0.8
Grocery and combination stores .....	297,307,000	307,478,000	+ 3.4	30,422,000	30,515,000	+ 0.3
Country general stores .....	151,233,000	167,216,000	+10.6	58,926,000	59,779,000	+ 1.4
Department stores .....	241,850,000	254,001,000	+ 5.0	37,200,000	36,538,000	- 1.8
Men's and boys' clothing and furnishings .....	44,435,000	49,901,000	+12.3	17,889,000	18,029,000	+ 0.8
Family clothing stores .....	31,582,000	35,575,000	+12.6	13,086,000	13,213,000	+ 1.0
Women's apparel and accessories .....	44,699,000	47,474,000	+ 6.2	12,764,000	13,207,000	+ 3.5
Shoe stores .....	25,989,000	27,002,000	+ 3.9	11,203,000	11,078,000	- 1.1
Hardware stores .....	42,732,000	47,917,000	+12.1	23,838,000	23,545,000	- 1.2
Furniture stores .....	23,073,000	26,765,000	+16.0	10,166,000	9,872,000	- 2.9
Drug stores .....	57,253,000	59,458,000	+ 3.9	20,467,000	20,408,000	- 0.3











Table 4.--Rate of Stock-Turn (times a year) for Independent Stores and Chain Stores Classified According to Kind of Business, 1934

(Rate of Stock-Turn Based on Average of Inventories at the Beginning and End of the Year)

(An (X) indicates that the number of reporting firms was too small to provide representative rate of stock-turn data)

Kind of Business	Independent Stores										Chain Stores	
	Canada, Average	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	A	B
Grocery stores .....	9.3	10.2	8.7	8.9	8.0	9.7	13.1	12.8	11.8	8.6	16.5	8.7
Combination stores .....	14.3	(X)	13.0	15.3	13.0	15.7	17.2	11.3	12.3	19.0	17.8	10.7
Meat markets .....	32.8	(X)	52.3	37.3	32.0	33.5	35.5	26.9	27.8	36.1	53.9	49.1
Country general stores .....	3.2	3.4	3.9	4.0	2.4	3.0	3.1	3.3	3.7	4.5	-	3.6
Department stores .....	6.8	(X)	6.8	8.7	5.5	7.1	(X)	6.1	5.3	5.3	-	-
Variety stores .....	4.0	(X)	(X)	(X)	(X)	(X)	(X)	(X)	(X)	(X)	8.2	6.9
Automobile dealers .....	11.6	7.7	13.7	10.7	10.2	13.6	10.1	6.5	10.1	12.4	(X)	(X)
Men's and boys' clothing and furnishings(1).	2.8	(X)	2.4	3.0	3.3	2.8	2.9	2.8	2.2	2.5	-	4.4
Family clothing stores .....	2.9	(X)	2.6	2.8	2.9	3.0	3.4	3.4	2.7	2.0	-	4.4
Women's apparel and accessories .....	4.8	(X)	3.3	3.8	4.5	5.4	4.3	3.5	4.8	4.5	-	6.2
Shoe stores .....	2.4	(X)	2.3	2.1	2.7	2.4	2.8	2.0	2.9	2.1	3.7	3.1
Hardware stores .....	2.3	2.7	2.8	3.1	2.0	2.3	3.3	2.1	2.5	2.4	-	3.3
Furniture stores .....	3.3	(X)	3.1	2.8	3.8	3.3	3.9	1.7	3.6	2.7	5.0	3.4
Radio and music stores .....	3.9	(X)	4.3	5.0	3.2	5.2	3.3	3.6	1.8	3.3	(X)	(X)
Book stores .....	2.5	(X)	2.8	2.1	3.4	2.7	1.1	1.9	1.9	1.8	(X)	(X)
Drug stores .....	3.2	2.5	2.9	3.6	3.2	3.5	4.0	2.2	2.3	3.0	5.6	4.5
Jewellery stores .....	1.3	(X)	2.2	2.1	.9	1.5	1.8	1.0	1.5	1.7	(X)	(X)
Tobacco stores and stands .....	6.3	(X)	11.2	7.4	5.5	6.1	9.5	7.7	7.5	6.8	11.3	8.9

(1) Custom tailors not included.

A. Based on store inventories only.

B. Based on combined store and warehouse inventories.

Where only one chain store figure is shown warehouse stocks were small.















